

Although the U.S. statistical system is among the finest in the world, it faces serious problems resulting from the rapid pace of change in today's economy. These problems are centered in the improving importance of the service sector, the growing internationalization of the economy, the deregulation of industries, and the increasing rate of technological innovation as reflected in changes in existing products and introduction of new products. Timely improvements in the statistical system—end, in many cases, new concepts and methodologies—are required.

Federal economic statistics are numbers that move the economy. It is vital to policymakers, the business community, and researchers that these statistics be of the highest possible quality. Many groups—such as the American Economic Association, the Council of Professional Associations on Federal Statistics, the National Academy of Sciences, and the National Association of Business Economists—agree that improvements are needed.

The Initiative was developed a package of recommendations of the highest priority for improving economic statistics. The President approved this package of recommendations on November 25, 1989.

The Economic Statistics Initiative is an example of the President's fiscal year 1992 budget proposes increases totaling approximately $30 million in statistical agency budgets to implement these recommendations. Overall, the administration is proposing additional expenditures of nearly $230 million in fiscal years 1992-93 to improve economic statistics. These initiatives are concentrated in three agencies: Bureau of Economic Analysis (BEA), Bureau of Labor Statistics (BLS), and Bureau of the Census (Census). Initiatives are also proposed for the National Agricultural Statistics Service (NASS) and the National Science Foundation (NSF). In the following descriptions of the initiatives, the agency responsible for carrying out the initiative is shown in parentheses at the end of each description.

Improving the National and International Economic Accounts

- Modernized and extended economic accounts:
  National economic accounts that follow the United Nations revised System of National Accounts (SNA) would be introduced in the comprehensive revision of GNP in the mid-1990's. The principal new features will include (1) an integrated set of current and capital accounts, including balance sheets that include both financial and nonfinancial transactions, and (2) satellite accounts, which cut across the government, business, and household sectors and incorporate additional information to give a full picture by industry or area.

- Improvements to the present national economic accounts:
  The time required to prepare the input-output tables would be reduced to 5 years for the benchmark tables and 3 years for the annual tables.
  Various components of real GNP—including constant-dollar estimates of investment in "high-tech" goods, banking services, and State and local government purchases—would be strengthened.

- Source data: Selected improvements in source data would be supported with funds provided to BEA. BEA would use these funds to secure additional information from administrative records, to support new statistical surveys or extensions to existing surveys, and to carry out research to determine feasible ways of closing gaps in source data.

Increasing the Coverage of the Service Sector

- Employment, hours, and earnings: Coverage of the monthly establishment survey would be expanded to include over 100 additional service-producing industries, a 50-percent increase in published service sector detail. The new industries would be phased in over a 5-year period, with 30 available in 1992.

- Output of the service sector:
  Research would be carried out to develop accurate, replicable standardized measures of output for the service sector. These measures of output would permit the introduction of new service sector price indexes into the producer and international price programs.

- Corporate financial data: Additional information on financial performance would be collected from the service sector and small business.

Separating Quality and Inflation Changes in Price Data

- Research would be carried out to develop and extend methods for separating price change from changes in product quality. These methods would be applied in the producer and consumer price programs.

Improving Establishment and Household Surveys of Employment

- Establishment survey: Automated data-collection techniques would be extended in the monthly survey of employment, hours, and earnings to speed up receipt of reports from business establishments. This would increase substantially the proportion of establishments included in the preliminary estimates issued at the beginning of each month and thus would provide more accurate and timely data.

- Household survey: Automated data collection techniques would be introduced in the Current Population Survey to permit the use of a new questionnaire that would improve the accuracy of the household employment and unemployment series.

Coverage and accuracy of the surveys that provide the data for private nonresidential construction expenditures, primarily surveys of construction of industrial plants and of renovations and improvements of existing structures, would be strengthened. More accurate price indexes for nonresidential construction would be developed.

The measures of international flows of portfolio capital would be strengthened to take into account new channels of financing and new types of financial instruments. The measures of direct investment would be strengthened to include estimates for small reporters and nonreporters.

A survey of financial institutions to obtain information on international financial services (noninterest income) would be instituted; surveys of other types of international services would be strengthened.

A methodology to adjust the value of exports for any systematic understatement would be developed (such understatement may occur when exporters undervalue amounts to reduce customers' import duties). Other improvements in the measurement of exports would also be undertaken.

1. The recommendations were summarized in the February 1990 SURVEY OF CURRENT BUSINESS. Resources provided through a repurposing of fiscal year 1990 funds and through the fiscal year 1991 budget have permitted BEA to begin to address the recommendations that are relevant to its program.

Tracking Changes Across Industries

- Business establishment lists:
  Separate lists of business establishments maintained by BLS and Census for their survey programs would be reconciled and combined, thereby eliminating duplication of effort and achieving gains in accuracy and consistency. (BLS, Census)
  A more complete and accurate list of farm establishments would be developed for the 1992 Census of Agriculture. (NASS)

- Industrial classification: The Standard Industrial Classification would be maintained on an up-to-date basis, and innovative classification methods would be developed to keep pace with rapid changes occurring across all industries. (Census)

Preparing for Future Statistical Workforce Needs

A university center for graduate-level training in statistics would be established for staff and prospective staff of Federal statistical agencies. In addition to serving degree candidates, the center would offer a wide variety of graduate courses on a nondegree basis. (NSF)

Sharing of Statistical Data

Legislation would be prepared to provide a standardized mechanism, under stringent safeguards, for limited sharing of confidential statistical information between statistical agencies. The sharing would be solely for statistical purposes and would reduce duplication and eliminate inconsistencies in series prepared by separate agencies.